1. OBJECTIVES

The City of Karratha Risk Management Policy identifies Council's commitment to and objectives around managing and mitigating risk to:

- proactively identify risks to protect the City;
- ensure public safety within the City's jurisdiction and the ongoing health and safety of all employees in the workplace;
- ensure all Councillors and employees are made aware of the need to manage risk including fraud prevention within an organisational culture that promotes and promote a sound ethicsculture and an understanding of the responsibilities associated with ethical conduct; of participation in this process;
- protect the City from adverse incidents including fraud or corruption, to reduce exposure to loss, and to mitigate and control loss and associated costs should an adverse incident occur;
- minimise or eliminate adverse impacts relating to the City's services or infrastructure on the community, visitors and the environment;
- ensure the ongoing capacity of the City to fulfil its mission, perform its key functions, meet its strategic objectives, capitalise on identified opportunities, and serve its customers, thus ensuring positive public perception of the Council and the City; and
- adhere to relevant Legislation and Australian Standards, in particular the Australian Standard for Risk Management – AS/NZS ISO 31000:2018 (hereinafter referred to as the Standard).

2. DEFINITIONS

Risk: Effect of uncertainty on objectives (AS/NZS ISO 31000:2018).

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety, and environmental) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: The application of coordinated activities to direct and control an organisation with regard to risk.

Risk Management Framework: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

3. PRINCIPLES

3.1 General

The City of Karratha considers risk management to be an essential management function in its operations. It recognises that the risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service or activity that gives rise to that risk. Council is committed to the principles, framework and process of managing risk as outlined in the Standard. As such, it is the policy of the City of Karratha to achieve best practice in the management of all risks that threaten to affect the City of Karratha, its customers, people, reputations, assets,

functions, objectives, operations and members of the public. The Risk Management Framework will be applied to decision making through all levels of the organisation in relation to planning or executing any function, service or activity.

In particular, it will be applied to:

- Strategic planning
- Expenditure of large amounts of money
- New strategies and procedures
- Management of projects, tenders and proposals
- Operational matters
- Introducing significant change, and
- ~~The~~ Mmanagement of sensitive issues.

3.2 Responsibilities

- Council is committed to the concept and resourcing of risk management.
- The Audit and Organisational Risk Committee monitors risk management implementation and performance throughout the City.
- Executives, managers and supervisors have the responsibility and accountability for ensuring that all staff manage the risks within their own work areas. Risks should be anticipated and reasonable protective measures taken.
- All managers and supervisors will encourage openness and honesty in the reporting and escalation of risks.
- Employees and Councillors have a duty to advise management of any concerns they have about the conduct of Council affairs or the use of Council assets and resources.
- All staff will be encouraged to alert management to the risks that exist within their area, including fraudulent or corrupt activities, without fear of recrimination.
- All staff will, after appropriate training, adopt the principles of risk management and comply with all the policies, procedures and practices relating to risk management.
- All staff will, as required, conduct risk assessments during the performance of their daily duties.
- The level of sophistication of the risk assessment will be commensurate with the scope of the task and the associated level of risk identified.
- Failure by staff to observe reasonable directions from supervisors regarding the management of risks and/or failure of staff to take reasonable care in identifying and treating risks in the workplace may result in disciplinary action.
- Investigations will be carried out on any perceived or actual fraudulent or corrupt activities.
- It is the responsibility of every directorate to observe and implement this policy in an appropriate manner relevant to the requirements of their work and in accordance with procedures and initiatives that are developed by management.

3.3 Training and Development

Risk management training will be provided on a regular and as needed basis.

3.4 Monitor and Review

The City will implement a robust reporting and recording system that will be regularly monitored to ensure management and closeout of risks, and identification of ongoing issues and trends. Risk monitoring and review should be dynamic and an essential part of the culture of risk management.

Risk owners will be assigned for every risk and will report when requested on the status of risks they own. Risk management key performance indicators relating to both organisational and personal performance will be developed, implemented and monitored by the City where applicable.

Consultation shall be undertaken with various staff to assess activity areas across the organisation with regard to Council's Measure of Consequences tables (Attachment A). This is to be reviewed and reported regularly to ensure that higher risks are being closely monitored.

4. CONSEQUENCES

This policy represents the formal policy and expected standards of the City of Karratha in relation to the management of risk. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the City.

5. REFERENCES TO RELATED DOCUMENTS

- Attachment A - Risk Criteria Tables:
  - o Existing Controls Rating
  - o Measures of Consequence
  - o Measures of Likelihood
  - o Risk Matrix
  - o Risk Acceptance Criteria
- AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines
- ISO Guide 73 Risk Management – Vocabulary
- IEC/ISO 31010 Risk Management – Risk Assessment Techniques
- Code of Conduct for Council Members, Committee Members and Candidates
- Code of Conduct for Employees

Policy Number:	CG01
Previous Policy Number:	N/A
Resolution Numbers:	152895-Jul 2014; 153738-Mar2017; 154311-Mar2019
Last Review:	March 20192022
Next Review:	March 202120256
Responsible Officer:	Manager Governance & Organisational Strategy

This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.

EXISTING CONTROLS RATING

LEVEL	DESCRIPTOR	FORESEEABLE	DESCRIPTION
E	Excellent	Doing more than what is reasonable under circumstances	Controls are fully in place, are being well addressed / complied with, are subject to ongoing maintenance and monitoring and are being continuously reviewed and tested.
A	Adequate	Doing what is reasonable under the circumstances	Controls are in place, are being addressed / complied with and are subject to periodic review and testing.
N	Needs Improvement	Doing some things reasonable under the circumstances	Some controls are in place but may not be addressed or reviewed. Some controls may be effective, whilst others do not exist or need improvement to ensure they are complied with.
I	Inadequate	Not doing some or all things reasonable under the circumstances	Controls do not exist, or are not being addressed / complied with, or have not been reviewed or tested for some time.

MEASURES OF CONSEQUENCE

LEVEL	DESCRIPTOR	HEALTH	FINANCIAL	SERVICE INTERRUPTION	ENVIRONMENT	REPUTATION	COMPLIANCE
1	**Insignificant**	Negligible injuries	Less than $10K	No material service interruption	Contained, reversible impact managed by on site response	Unsubstantiated, low impact, low profile or 'no news' item	No noticeable regulatory or statutory impact
2	**Minor**	First aid treatment	$10K - $50K	Short term temporary interruption – backlog cleared < 1 day	Contained, reversible impact managed by internal response	Substantiated, low impact, low news item	Some temporary non compliances
3	**Moderate**	Medical treatment	$50K - $200K	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Contained, reversible impact managed by external agencies	Substantiated, public embarrassment, moderate impact, moderate news profile	Short term non compliance but with significant regulatory requirements imposed
4	**Major**	Death or permanent disablement	$200K - $1M	Prolonged interruption of services – additional resources; performance affected < 1 month	Uncontained, reversible impact managed by a coordinated response from external agencies	Substantiated, public embarrassment, high impact, high news profile, third party actions	Non compliance results in termination of services or imposed penalties
5	**Catastrophic**	Multiple deaths or severe permanent disablements	More than $1M	Indeterminate prolonged interruption of services – non performance > 1 month	Uncontained, irreversible impact	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions	Non compliance results in litigation, criminal charges or significant damages or penalties

MEASURES OF LIKELIHOOD

LEVEL	DESCRIPTOR	DESCRIPTION	FREQUENCY
5	**Almost Certain**	The event is expected to occur in most circumstances.	More than once per year.
4	**Likely**	The event will probably occur in most circumstances.	Approximately once per year.
3	**Possible**	The event should occur at some time.	At least once in 3 years.
2	**Unlikely**	The event could occur at some time.	At least once in 10 years.
1	**Rare**	The event may only occur in exceptional circumstances.	Less than once in 15 years.

RISK MATRIX

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	5	10	15	20	25
Likely	4	4	8	12	16	20
Possible	3	3	6	9	12	15
Unlikely	2	2	4	6	8	10
Rare	1	1	2	3	4	5

RISK ACCEPTANCE CRITERIA

LEVEL OF RISK	DESCRIPTOR	DESCRIPTION	CRITERA FOR RISK ACCEPTANCE	RESPONSIBILITY
1 – 4	LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.	Operational Manager
5 – 9	MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring.	Operational Manager
10 – 16	HIGH	Urgent Attention Required	Management attention is required. Risk treatment plan is required to reduce risk exposure to an acceptable level. Regular reporting is required.	CEO / Director
17 - 25	EXTREME	Unacceptable	Urgent and active management required. Risk treatment plan must be implemented immediately to reduce risk exposure to an acceptable level. Regular reporting required.	CEO